

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

NOTICE OF PROPOSED POLICY

Public Act 280 of 1939, as amended, and consultation guidelines for Medicaid policy provide an opportunity to review proposed changes in Medicaid policies and procedures.

Please review the policy summary and the attached materials that describe the specific changes being proposed. Let us know why you support the change or oppose the change.

Submit your comments to the analyst by the due date specified. Your comments must be received by the due date to be considered for the final policy bulletin.

Thank you for participating in the consultation process.



Director, Program Policy Division
Bureau of Medicaid Policy and Actuarial Services

Project Number:	0371-HCEP	Comments Due:	12/29/03	Proposed Effective Date:	Jan 1, 2004
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Mail Comments to: Dan Ridge
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Policy Subject: Freedom To Work (PA 32 of 2003)

Affected Programs: Medicaid for the working disabled

Distribution: Health Care Eligibility Policy manual holders

Policy Summary: Effective January 1, 2004, the State will implement the Medicaid Working Disabled program to enact Public Act 32 of 2003. Public Act 32 of 2003 is an amendment to the Social Welfare Act (PA 280 of 1939), exists as Section 400.106a of the Social Welfare Act, and is known as the "Michigan Freedom to Work for Individuals with Disabilities" law.

This program allows certain Medicaid-eligible disabled individuals to accumulate earnings and assets that would otherwise make them ineligible to retain Medicaid eligibility without a spenddown.

This policy bulletin is being finalized as Health Care Eligibility Policy 03-04. Comments will be accepted on this policy during the comment period, and the comments will be considered in future policy updates.

Beneficiary Eligibility Bulletin

Distribution: Health Care Eligibility Policy 03-04

Issued: December 1, 2003

Subject: Freedom to Work

Effective: January 1, 2004

Programs Affected: Medicaid for the Disabled

Effective January 1, 2004, the State will implement the Medicaid Freedom to Work program to enact Public Act 32 of 2003. Public Act 32 of 2003 is an amendment to the Social Welfare Act (PA 280 of 1939), exists as section 400.106a of the Social Welfare Act, and is known as the "Michigan Freedom to Work for Individuals with Disabilities" law.

This state legislation was enacted in response to and according to the guidelines of the federal Ticket to Work, Work Incentives Improvement Act (TWWIIA).

Manual Maintenance

Insert the attached manual pages in your HCEP Manual, or retain this entire bulletin for future reference.

Questions

Direct any questions regarding this bulletin to Program Policy Division, Eligibility Section, P.O. Box 30479, Lansing, Michigan 48909-7979, phone (517) 335-5121, or e-mail to RidgeDan@michigan.gov.

Approval



Paul Reinhart, Director
Medical Services Administration



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LEGAL BASIS

Title XIX of the Social Security Act
Public Act 32 of 2003

TARGET POPULATION

Medicaid-eligible disabled adults, aged 16 through 64 years old with earned income, may be eligible for this category.

All eligibility factors in this item must be met in the calendar month being tested.

Eligibility begins the first day of the calendar month in which all eligibility criteria are met.

Applicants and beneficiaries who are eligible for Medicaid through any other categorically needy category are excluded from eligibility in this category. Applicants and beneficiaries must be Medicaid-eligible before they can be considered for this category. This apparent contradiction is explained as follows:

Example: Mr. Smith is disabled and has countable income of 80% of the federal poverty level, and countable assets of \$1,200. He meets all other eligibility factors and is eligible for AD-Care. Mr. Smith is employed, and his earnings increase to 200% of FPL and assets increase to \$5,000. Mr. Smith is no longer eligible for AD-Care but can remain Medicaid-eligible under the Freedom to Work program.

If Mr. Smith did not have Medicaid under AD-Care (or another category) and he first made application when his assets exceeded \$2,000, or his income exceeded 100% of FPL, he could NOT be eligible for this category.

A beneficiary must move into this Medicaid category from another Medicaid category.

SSI beneficiaries whose SSI eligibility may end due to financial factors are among those eligible to be considered for this program.

Eligibility for this program cannot be established through a Medicaid spenddown.

Retroactive Coverage

There is no retroactive coverage because the applicant must already be eligible for Medicaid before the increased income and asset limits will apply.

ELECTRONIC VERIFICATION SYSTEM (EVS) IDENTIFIERS

(To be determined.)



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NONFINANCIAL FACTORS

The applicant must be disabled according to the disability standards of the Social Security Administration.

The nonfinancial eligibility factors in the following items must also be met according to SSI-related Medicaid guidelines.

- Citizenship
- Residence
- Social Security Number
- Potential Resources
- Third Party Resources
- Institutional Status

FINANCIAL FACTORS

The beneficiary is employed on a regular and continuing basis.

The beneficiary may have temporary breaks in employment up to 24 months if they are the result of involuntary layoff or are determined to be medically necessary.

Income

When a beneficiary moves into this category, they become a group of 1 and, if they are married, the spouse's income and assets are not considered.

The beneficiary's total countable unearned income cannot exceed 100% of the Federal Poverty Level (FPL).

If the beneficiary's earned income is below 250% of the Federal Poverty Level, there is no premium required. If the beneficiary's earned income is between 250% of the FPL and \$75,000 per year, the beneficiary is required to pay a premium based on a sliding fee scale defined below under "PREMIUMS". If the total countable earned income exceeds \$75,000 per year, the beneficiary pays a premium equal to 100% of the cost of Medicaid coverage.

Assets

The beneficiary's countable asset limit is \$75,000.

In addition, the beneficiary is allowed to have IRS-recognized retirement accounts (including IRAs and 401(k)s) of unlimited value.

Countable assets are otherwise determined according to SSI-related Medicaid policies.

FISCAL GROUP COMPOSITION

Apply fiscal group policy according to the standards of the SSI-related Medicaid categories.

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BUDGETING

Use the SSI-related Medicaid policy to determine countable income and budgeting methods.

HEARINGS

Medicaid policies regarding administrative hearings apply to this category.

PREMIUMS

Beneficiaries with earned income between 250% of the FPL and \$75,000 per year shall pay a sliding fee scale premium starting at \$600 annually and increasing to 100% of the average disabled Medicaid beneficiary cost for beneficiaries with annual earned income of \$75,000 or more.

The following chart further defines the above-mentioned Premium fee scale.

Countable Earned Income		Monthly Premium Amount	Annual Premium Amount
Level 1	250% FPL = \$22,450* per year	\$ 50	\$ 600
Level 2	350% FPL = \$31,430* per year	\$ 190	\$ 2,280
Level 3	500% FPL = \$44,900* per year	\$ 460	\$ 5,520
Maximum	\$75,000* per year	\$ 920	\$ 11,040

* Approx. annual amount after disregards; FPL adjusted annually by Feds

This chart will be updated annually to reflect the annual change in the Federal Poverty Level.

The premium amount will be adjusted annually to reflect the change in the cost of care.

Premiums not received by the due date will initiate a grace period during which the beneficiary is notified of case closure. There will be a period of "lock-out" or ineligibility for this program if closure results from failure to pay premium in a timely manner.